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INFO RUCNRAQ/IRAQ COLLECTIVE

C O N F I D E N T I A L BAGHDAD 003566

SIPDIS

E.O. 12958: DECL: 11/11/2018

TAGS: PREL EFIN UNSC UN IZ

SUBJECT: IRAQ PRESSES FOR OIL FOR FOOD MEETING

Classified By: Economic Minister Marc Wall for reasons 1.4 (b) and (d)

¶1. (U) This is an action request. See para 7.

¶2. (C) EMIN met November 10 with Ambassador Srood Najib, Director of the Iraqi MFA Americas Department, to discuss the Oil-for-Food (OFF) program. This was EMIN's first meeting and Najib, who has covered this issue for years, spent much of his time detailing his efforts to bring the troubled program to closure and also preserve GOI interests. For instance, Najib noted that since 2003, 19,000 pending OFF contracts have been cancelled, resulting in some \$10 billion being released to the GOI. (Note: Numbers appear to be inflated.) Najib's current focus, and the reason he requested the meeting, is his effort to (a) resolve the approximately 130 remaining OFF contracts currently in dispute (worth \$256 million, according to Najib), and (b) formally close the program by the end of ¶2009. Najib's concern, and his main request for the USG, is that the UN Security Council will move to formally close the program in the coming weeks without giving the GOI the opportunity to sit down one last time with OFF program administrators to attempt to resolve the remaining contracts.

¶3. (C) Najib said he has been trying for months to get the UN's OFF administrators to agree to schedule a meeting with the GOI. Last week he again instructed the Iraqi UN Mission to seek one final meeting, ideally in Amman or Istanbul, in late November or early December. Najib offered assurances that he has worked with each of the ministries that have contracts in dispute to make sure they are ready to present a detailed case to the UN team during this meeting; he added that he plans to ask the Prime Minister to direct each impacted ministry to provide a full accounting within ten days. (Note: at the last such meeting in Amman in June 2008, the GOI sent relatively junior staff from the relevant ministries who were unable to address the specifics of the contract disputes.)

¶4. (C) Najib expects that the GOI will be able to close each of the open cases during the proposed meeting. After this and a formal UNSC vote to end the OFF program, Najib said his next effort would be to begin "pursuing the violations identified in the Volcker Report" on the OFF program.

¶5. (C) Najib requested USG assistance to (a) intercede as necessary within the UN to gain agreement for a final meeting to review the approximately 130 open contracts, and (b) prevent any effort in the coming weeks to approve a UNSCR that would formally close the OFF program -- and order that all the vendors in contracts disputed by the GOI be paid out of OFF funds -- before a meeting to decide on the open contracts can take place. Najib thought that either Russia or France was likely to push for such a Resolution. He said that the majority of open letters of credit involve firms from Russia, China, Pakistan and Syria.

¶6. (C) Najib requested a follow-up meeting with EMIN during week of November 17 to discuss next steps.

17. (C) Comment and action request: We are aware of the efforts of USG and other partners in the UN to bring the long-running OFF saga to a swift conclusion, as well as frustration with GOI engagement to date. That said, at a delicate time in our relationship with Iraq, it is important that we not ignore a reasonable GOI request for help to close a troubled chapter in its history and protect a significant amount of money at stake. We request Washington and USUN's help in preventing any Resolution moving forward for Security Council action on OFF and, as appropriate, encouraging UN OFF administrators to look favorably at the GOI's request for a last meeting in the coming weeks. We also request Department/USUN provide embassy, by COB Friday, Nov 14, with USG position on bringing OFF to closure for use in EMIN's next meeting with Najib.

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